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August 25, 2021

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 W. Washington Street  
Phoenix, AZ 85007

RE: Arizona Public Service Company (APS or the Company)  
Possible Modifications to the Arizona Corporation Commission's Energy Rules  
Docket No. RU-00000A-18-0284

On August 13, Ascend Analytics (Ascend) docketed its evaluation of Arizona utilities' Integrated Resource Plans (IRPs). The Ascend report also included a high-level analysis of the potential costs associated with the Commission's proposed Energy Rules. The analysis concluded that utilities have the ability to achieve a low carbon (80% clean) grid cost-effectively with today's technology.

APS appreciates the work performed by Ascend and Staff. APS also recognizes that calculating the costs of a transition to 80% or 100% clean energy 30 years into the future is a challenging task.

As expressed in our Clean Energy Commitment, APS is committed to a clean energy future for the state and our customers. APS strongly believes that this commitment can be achieved at a cost that is reasonable for our customers and the state's economy. For these reasons, APS continues to support the Commission's adoption of a comprehensive Energy Rules package that will help move Arizona toward a clean energy future. The Company recognizes the challenges associated with achieving the last 20% of carbon reductions. While APS is committed to 100% clean, carbon-free energy by 2050, we also support an energy rules package that establishes a target of 100% clean by 2070, which would provide sufficient time for new technologies to allow for this transition at lower cost for our customers.

While the values presented in the Ascend report are informative, APS continues to believe that we will need to rely on partnerships and advances in technology to achieve 100% carbon reductions. The report acknowledges that, as information on costs and technologies improves over time and utilities continue to evaluate these costs in future IRPs, we will have a better understanding of the ultimate cost to customers.

In the near term, the answer is clear: clean energy is both affordable and necessary. Accordingly, APS believes that Ascend's evaluation supports the path to adding clean energy as described in APS's IRP.

As APS transitions to a cleaner energy mix, the Company is committed to maintaining reliability and affordability for customers. That means balancing the rapid deployment of renewables, energy storage and customer resources with the generation resources necessary to support the transition while maintaining reliability. These resources include our baseload facilities, current and future power purchase agreements, and dispatchable generation.

APS strongly believes that we can maintain affordability beyond the next decade under the proposed plans. We are optimistic that our changing and evolving industry will develop new tools, technology and partnerships that will enable progress to a clean energy future in Arizona.

APS remains dedicated to its Clean Energy Commitment and expects to keep the costs of energy at or below the cost of inflation, allowing us to serve customers with a 100% carbon-free energy mix by 2050.

Please let me know if you have questions.

Sincerely,

A handwritten signature in dark ink, appearing to be "D. M. J." with a stylized flourish at the end.